

designated employee of the Human Resources Division. The City will provide employees with all copies of Performance Evaluations and Letters of Reprimand, and Letters of Recordation, if any, and such copies shall be provided to the Union with the written authorization of the employee. Upon request the employee may at personal expense copy these portions of the employee's personnel file not specifically excluded from review by this section.

(a) For the purposes of this Memorandum of Understanding, a Letter of Recordation is understood as a written record placed into an employee's personnel file intended to be either informative in nature or to document in a positive rather than punitive manner, a notice to the employee for personal correction of actions, which if continued, could result in disciplinary action. Since a Letter of Recordation does not constitute a disciplinary action, it will include a statement that the Letter is informative and not punitive. If in the event the employee feels such record constitutes an adverse comment, the employee may, within 30 days, file a written response. The written response shall be attached to, and shall accompany the Letter of Recordation.

Section 6. Salary Plan

Section 6.1 Salary Ranges

(a) Beginning with the pay period beginning March 12, 2001, salaries for the classifications in this bargaining unit shall be set at the levels indicated in Attachment "A".

(b) Effective first pay period following February 1, 2002, the classifications listed in Appendix "A" will receive an across-the-board salary increase of 4.5%.

(c) Effective first pay period following February 1, 2003, the employees will receive an across the board salary increased based on the percentage movement of the Consumer Price Index (SF/Bay Area 82-84= 100,W) from January – December 2002, with a minimum increase of 3%. If the CPI is between 3.0% and 5.9%, the increase will be the same as the actual CPI rate. If the CPI increase is between 6.0% and 7.9%, the increase will be 6%. If so requested by the Union there may be a salary only reopener if the Index exceeds 8%.

(d) Effective first pay period following February 1, 2004, the employees will receive an across the board salary increased based on the percentage movement of the Consumer Price Index (SF/Bay Area 82-84= 100,W) from January-December 2003, with a minimum increase of 3%. If the CPI is between 3.0% and 5.9%, the increase will be the same as the actual CPI rate. If the CPI increase is between 6.0% and 7.9%, the increase will be 6%. If so requested by the Union there may be a salary only reopener if the Index exceeds 8%

(e) To determine new pay ranges upon general salary adjustment, applicable

percentage increases shall be added to the highest previously existing base rate for the top step of each salary range and, the range will be calculated by dividing each range step, beginning with top step, by the factor 1.0525.

(f) The City agrees to a phased elimination of the nine-step pay plan and to maintain a five-step pay plans for all unit employees. Employees on the nine- step plan as of February 1, 2001, shall be eligible for a merit step increase to the appropriate salary step on the new five-step plan which provides for at least a five percent (5%) salary adjustment or up to the maximum salary step at the time of the employee's annual performance review date next following February 1, 2001. The City will maintain both a five- and nine- step salary range structure for approximately one year during this transition period. Any employee hired on or after April 1, 2001, will be assigned to the appropriate five- step salary plan. Employees hired between February 1, 2001, and March 31, 2001, will be eligible for a merit step increase to the appropriate salary step on the new five-step plan which provides for at least a five percent (5%) salary adjustment or up to the maximum salary step after six months of service.

(g) The City will adopt necessary documentation and procedures to implement the provisions of Section 414(h)(2) of the Internal Revenue Code (IRC) which permits a "pick up" program whereby the amount that an employee pays to PERS for retirement would be reported with the amount paid by the employer for income tax purposes; thereby making the employee's portion non-taxable until refunded or retirement, both federal and state purposes.

Section 6.2 Salary Plan Administration

Each employee permanently assigned to a position covered by this Memorandum of Understanding shall be paid a salary within the range established for that position and classification.

Section 6.3 Salary Plan Administration, Original Appointment

The salary for a new employee occupying a position covered by this Memorandum of Understanding shall be the minimum salary step for the classification to which the employee is appointed. However, when warranted, the City Manager may appoint a new employee at a salary step other than the minimum step of the appropriate classification.

Section 6.4 Salary Plan Administration, Advancement Within Salary Range

No salary advancement shall be made so as to exceed the maximum rate established in the pay plan for the class to which the advanced employee's position is allocated. Employees hired at the first step of the salary range shall be evaluated for

salary advancement after the first six months of service and after additional one-year periods of service thereafter until the employee has reached the maximum rate established. Employees hired at other steps of the salary range shall be evaluated for salary advancement after the first year of service and after additional one-year periods of service thereafter until the employee has reached the maximum rate established. Advancement within the salary range shall generally be made one step at a time. However, the City Manager may, when circumstances warrant it, advance the salary of an employee more than one step at a time.

Advancements shall not be automatic, but shall depend upon increased service value of an employee to the City as exemplified by recommendations of the employee's supervisor, length of service, performance records, special training undertaken, or other pertinent evidence.

Advancement to the next higher step within the range of the assigned classification shall be implemented only upon final approval by the City Manager.

Changes in an employee's salary because of promotion or demotion may set a revised salary anniversary date for that employee.

Salary range adjustments for a classification will not set a new salary anniversary date for employees serving in that classification.

Section 6.5 Salary Plan Administration, Employee Evaluation

(a) Probationary employees shall be evaluated in writing at least every four months during their probationary period.

(b) Permanent employees eligible for salary step increase shall be evaluated in writing at least once every six months.

(c) Other permanent employees shall be evaluated in writing at least once per year.

(d) If an employee evaluation is not completed within thirty (30) days of its due date, the performance of that employee shall be deemed to be satisfactory.

Whenever the schedule of compensation for a classification is revised, each incumbent in a position to which the revised schedule applies shall be paid at the same step in the revised range as the step at which the employee was paid in the previous range; provided, however, that employees moved from the nine-step pay plan to the five-step pay plan as a result of this agreement shall increase to the appropriate salary step on the new five-step plan which provides for at least a five percent (5%) salary adjustment or up to the maximum salary step.

If an employee takes a leave of absence, the time spent away from work shall not be counted toward the completion of the next step. Depending upon how long the individual is away from work, it will move the employee's anniversary date in accordance with the rule (below) that presently determines the anniversary.

Section 6.6 Anniversary Date

(a) The anniversary date is that date from which time is calculated for purposes of salary step advancement, the ending of the probationary period, the advancement of vacation accrual dates, and the accrual of sick leave. This date shall be the employee's actual date of hire.

(b) The actual date of appointment to a position shall govern seniority and eligibility to take a promotional examination.

Section 6.7 Salary Plan Administration, Salary Step after Promotion or Demotion

(a) Promotion. When an employee is promoted from a position in one classification to a position in a higher classification, that employee shall be entitled to receive the rate of pay of the lowest step in the salary range of the higher classification which provides at least 5% above the base salary of the employee, not including acting pay or other incentive pay.

(b) Demotion

(1) Non-disciplinary demotion. When an employee is demoted for reasons not related to disciplinary purposes, that employee shall be placed at the salary step in the lower classification which most closely approximates but does not exceed the employee's salary in the higher classification.

(2) Voluntary demotions; demotions resulting from probationary rejections. When an employee takes a voluntary demotion to a position previously held or is reappointed to such a position as the result of a probationary rejection, the employee shall be placed at the same step in the lower classification which the employee last held. The employee's service time at such step shall continue as if the promotion had not occurred.

(3) Disciplinary demotions. When an employee is demoted to a lower classification for disciplinary reasons, the specific rate of pay in the salary range of such classification to which the employee shall be entitled shall be determined by the City Manager.

Section 6.8 Acting Pay

(a) An employee assigned to perform substantially the duties of a higher job classification shall, commencing with the seventh (7) consecutive complete calendar day from the commencement of the assignment receive the rate of pay established for the salary step of the classification of the temporary assignment that is a minimum of five (5%) percent greater than the employee is currently earning, retroactive to the date the employee was assigned to such duties. In no event shall the rate paid exceed the top step of the assigned classification.

(b) The City Manager shall have the discretion to increase the salary of such employee to an amount not in excess of the top step of the higher classification.

(c) An employee assigned to perform such duties for six months shall be entitled to a salary which shall be not less than that of the lowest step of the higher classification, nor greater than that of the highest step of such classification, as determined by the City Manager, but in no event shall such employee be paid less than that received pursuant to subsection (a) or (b) above. Any subsequent adjustments to this rate of pay shall be at the discretion of the City Manager.

Section 6.9 Special Circumstances/Special Recognition Pay

An employee specifically assigned by a department head through use of the personnel action form process on a temporary or longer term basis to regularly perform work outside of the scope of the employee's permanent classification but not performing substantially the duties of another job classification may receive Special Circumstances/Special Recognition Pay at the exclusive discretion of the City Manager. The City Manager may assign a rate of pay between 3.5% and 10% depending on the nature of the circumstances and organizational need. The determination as to the rate of pay made by the City Manager shall be final and not subject to use of the Grievance Procedure.

Section 6.10 Bilingual Incentive Pay

(a) Employees who are capable of using American Sign Language, or a foreign language designated by Human Resources as critical for public service in San Bruno, in business dealings with the public shall be eligible for incentive pay at a rate of 2.5% of base salary.

(b) To receive bilingual incentive pay, an employee must pass a basic written test and an oral conversation exercise.

(c) Incentive pay eligibility will begin when the City has concluded contracts with all bargaining units in active negotiation as of February 1, 2001.

Section 6.11 City Contribution to Deferred Compensation

Effective as of the pay period beginning March 12, 2001, the City shall contribute a matching deferred compensation program contribution of up to one-half of one percent (.005) of an employee's salary on a biweekly basis. To be eligible for this program, the employee must be enrolled in one of the City's voluntary deferred compensation programs and making a payroll deduction into the program of at least one-half of one percent (.005) on a biweekly basis. Employees shall not be entitled to any retroactive application of this program.

Section 6.12 Salary Pay Periods

Employees shall be paid bi-weekly. Regular salary and overtime will normally be paid within five days after the close of the pay period.

Section 6.13 Direct Deposit

All employees hired after February 28, 2001, shall be paid only via direct deposit into a bank account. Employees shall have thirty (30) days from the date of hire to submit appropriate information to the Finance Department for the processing of direct deposit pay.

Section 7. Filling of Vacancies

Section 7.1 Filling Vacancies

Except as otherwise provided in this Memorandum of Understanding, all vacancies in the classes of employment set forth in Appendix "A" shall be filled from employment lists established as a result of competitive examination.

Section 7.2 Announcement

All examinations for classes set forth in Appendix "A" of this Memorandum of Understanding shall be published by posting announcements in the City Hall, on official bulletin boards, and in such other places as the City Manager deems advisable, including one newspaper of general circulation circulated in the City.

The announcements shall specify the following:

- (a) The title and salary range of the class;
- (b) The nature of the work to be performed;